



# CHAPTER TWO

## QUALITY OF LIFE

## Chapter 2 - Quality of Life

### Background

A corporate goal of the Department is to prepare for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. For DoD, Quality of Life issues are key issues that fall under DoD's Government Performance and Results Act Performance Goal 2.1--Recruit, Retain, and Develop Personnel. Some of the Services' greatest challenges lie in providing military personnel in the right numbers with the skill sets necessary to fulfill the roles and missions of effective fighting forces. These issues are more important than ever. The pool of individuals from which to recruit and retain within Service ranks is shrinking, and first-time recruiting and attrition require greater attention.

As a direct result of problems in recruiting and retaining qualified personnel over the past two years, the Services have refocused their attention on finding innovative ways to expand shrinking personnel numbers without reducing the overall quality of the recruit or Service member. In 1998, the Navy missed its recruiting goal and received national attention as a result. Over the past two years, the Army has missed its recruiting goal for soldiers and, in a response designed to boost numbers, has been putting resources into areas that have traditionally proven to attract greater numbers of recruits. In addition to concentrating on recruiting personnel, the DoD has focused on determining what it takes to retain personnel. Trends over the past few years have been noticeable enough to initiate studies to determine the causes of lower recruiting and lower retention rates. These studies have collected information on issues important to recruiting and retention and have shown Quality of Life as a significant factor in a Service member's decision to join and stay.

Some individuals may feel that volunteering for military duty results in a certain amount of discomfort directly related to the function, purpose, and mission of the Military Services. This is true to some extent, but does not mean that hardships associated with portions of military life cannot be eased for the benefit of military members and their immediate family. Quality of Life initiatives are designed to support military members and to bring attention to issues that surround recruiting and retention of Service members. For example, issues such as out-of-pocket moving/housing costs can be viewed more as a financial burden as hidden costs take their toll on Service members.



## Chapter 2 - Quality of Life

- **Background**
  - Part of DoD GPRA goal to recruit, retain, and develop personnel
  - Recent trends in recruiting and retention
  - Military life may generate events that adversely impact personnel
  - Quality of Life programs demonstrate commitment to Service members and bring attention to important personnel issues

## Chapter 2 - Quality of Life

### Background (cont'd)

Personnel challenges are often aggravated by Quality of Life factors that impact military personnel as they are recruited from a civilian economy, travel between military duties on temporary duty assignments, or relocate to new assignments through permanent change of station moves. The issues become complicated, since the factors that are important to Service members vary based on an individual's background and marital status. For example, 19 percent of 32,000 Service members polled for a recent GAO report (*Preliminary Results of DoD's Active Duty Members*) state that basic pay is a top reason for staying or considering staying in the military. Conversely, 28 percent of those polled state that basic pay is a top reason for leaving or considering leaving the military. Job security (14 percent), retirement pay (10 percent), and family medical care (5 percent) were also mentioned as top reasons for staying in the military, but for married Service members, this may directly conflict with family issues such as the amount of personal and family time available (9 percent, and deployment time (6 percent). These factors deal more directly with hardships imposed upon military members and their families when transplanted to new locations, and the benefits may not weigh strongly enough on individuals to give them the incentive to stay in the military. Overall, these factors have been addressed through Chapter 2 initiatives, which establish goals to reduce or alleviate pay problems, moving frustrations, and other burdens that fall upon the Service member.

Whether for an Air Force pilot or an Army infantryman, Quality of Life issues are powerful forces that shape the DoD personnel landscape, driving DoD initiatives designed to recruit, retain, and develop high-quality Service members to respond to future challenges. By paying attention to these Quality of Life issues, DoD hopes to improve the environment significantly enough to increase the quality of recruits and also to retain a greater number of Service members considering a career change.



## Chapter 2 - Quality of Life

- **Background (cont'd)**
  - Personnel challenges associated with Quality of Life factors
  - Quality of Life factors affect career decisions to join or remain in Military Service
  - Goal is to improve recruiting and retention rates

## Chapter 2 - Quality of Life

### Initiatives

Several initiatives addressed under Quality of Life are explained in greater detail throughout Chapter 2. These initiatives address many of the key Quality of Life issues that are determined to have the greatest impact on Military Service members. There are currently four initiatives:

2.01 Improved Pay and Retirement Benefits - Focuses on the importance of aligning DoD pay levels and retirement policies to those of civilian counterparts

2.02 Simplifying, Streamlining, and Saving with a Commercial Travel System - Seeks to simplify and automate the DoD travel process, improve customer service levels, and reduce associated administrative costs

2.03 Household Goods Transportation - Looks at reengineering the process of moving Service member household goods

2.04 Defense Integrated Travel and Relocation Solutions - Measures the improvement of travel and relocation services for military members

Discussion related to these initiatives are included in GAO reports on military personnel, the *1999 Annual Report to the President and Congress*, the Government Performance and Results Act (GPRA) Performance Plan, O&EPM Historical Files, and/or Final Economic Analysis from the Defense Travel System.



# Chapter 2 - Quality of Life

- **Initiatives**

- Improved Pay and Retirement Benefits
- Simplifying, Streamlining, and Saving with a Commercial Travel System
- Household Goods Transportation
- Defense Integrated Travel and Relocation Solutions

## **Chapter 2 - Quality of Life**

### **Performance Measures**

Most Quality of Life Initiatives can be measured in terms of cost to the Service member from military life in general (such as out-of-pocket housing expenses and pay comparability) or transitional activities such as temporary duty or permanent change-of-station relocations (out-of-pocket moving expenses). Other measures determine responsiveness of transitional activity reimbursement processes (such as travel voucher processing times) or streamlining and simplifying the household goods relocation process, which is a major irritant to the already traumatic experience of frequent relocations.

Comparison has been made to external factors that inadvertently drive recruiting and retention. Two measures of these factors include the overall U.S. Unemployment Rate and the Employment Cost Index (ECI), an index reflecting the measurement of increases to average wages from year to year. Both the Unemployment Rate and the ECI are an effective measure of comparison because of the way they reflect the health of the overall economy, the prosperity of individual citizens, and their relevance when compared with the initiative's purpose. Ultimately, the overall measure of Chapter 2, Quality of Life, is to improve recruitment and retention of qualified Service members.

### **Recommendations**

Because Quality of Life issues affect more than one dimension of a Service member's military experiences, they lend themselves particularly well to a thorough balanced scorecard approach. Several dimensions of performance are measured together for a more complete picture of inputs to decisions in terms of career choices, such as remaining in the Service or returning to civilian life. Whereas pay issues and system responsiveness shortcomings may individually drive separation decisions, they usually work together to form career decisions. Improved Pay and Retirement Benefits focuses on the tracking of recruitment costs, improvement of recruiting and retention, and tracking improvements in Quality of Life issues. Simplifying, Streamlining, and Saving with a Commercial Travel System tracks cost drivers, reassesses data, and more actively collects customer satisfaction data. Household Goods Transportation formalizes plans for capturing program costs and developing "perfect move" scorecards. Defense Integrated Travel and Relocation Solutions establishes implementation schedules, process conversions, customer satisfaction, and training programs. The goals of DoD Quality of Life programs are appropriate drivers of recruiting, retention, and development outcomes. As such, we recommend using a balanced scorecard approach as the preferred method wherever possible.





## Chapter 2 - Quality of Life

- **Performance Measures**

- Quality of Life performance metrics are appropriate for balanced scorecard approach to measure initiative outcomes, financial impact, overall customer satisfaction, and knowledge of benefits by the Service member
- Comparison with Unemployment Rate and ECI
- More closely aligned to decision-making process than individual measures of cost or responsiveness

- **Recommendation**

- Adopt a balanced scorecard approach whenever possible

## **Initiative 2.01 - Improved Pay and Retirement Benefits**

### **Background**

This initiative is owned by the Office of the Deputy Assistant Secretary of Defense (Military Personnel Policy), Officer and Enlisted Personnel Management [ODASD (MPP) O&EPM], Office of Transition Benefits and Leave Policy. It impacts the Human Resources (HR) core process, the focus of which is to maintain the military force based on needs analysis projected over the next several years.

A primary concern of the Services is the recruiting of new personnel. By attracting new people, the Services can continue to refresh their ranks while maintaining a strong level of continued experience. Recruiting is a priority, but there is also a strong emphasis on retention, which reflects the success rate of the Services in keeping their trained and experienced members and is an indication of job satisfaction and, therefore, of Quality of Life. While recent GAO reports indicate that aggregate retention rates are not significantly different from those before the early-'90s drawdown, recent trends indicate that retention rates are at an all-time low. As a direct result, the DoD began to focus on declining retention rates among both first-term and second-term individuals and on finding a solution.

The desired outcome of this initiative is to meet projections for a quality workforce. DoD's intention is to improve the Military Service member's Quality of Life in the hope of boosting recruitment, improving retention, and reducing the cost/burden of aggressive recruitment efforts to maintain the military workforce.

### **Approach**

The project team investigated all current publicly available information to augment their existing expertise in DoD HR programs. Extensive team meetings were then held with representatives of the Office of Transition Benefits and Leave Policy to gain an understanding of underlying goals and currently available information/data that could be used in developing performance metrics and scorecards. The project team discussed the balanced scorecard approach with the representatives of the Office of Transition Benefits and Leave Policy and gained their consensus on the approach.

Following data assessment, the team developed proposed performance measures and presented them to the initiative lead. Following the acceptance of the new metrics, scorecards were developed to portray DoD Quality of Life performance.



## 2.01 - Improved Pay and Retirement Benefits

- **Background**
  - Stabilize the military workforce by improving Quality of Life
  - Improve recruiting and retention of Military Service members
  - Focus on Quality of Life to meet projections for a quality workforce
- **Approach**
  - In-depth meetings with initiative lead and team
  - Balanced scorecard approach
  - Joint development of metrics/scorecards
  - Approval of scorecards

## **Initiative 2.01 - Improved Pay and Retirement Benefits**

### **Performance Measures**

A previously established GPRA performance measure for Improved Pay and Retirement Benefits is the following:

- **Active Military Component Retention Rates**

This measure tracks the retention requirements and actual number of military Service members retained from year to year. The measure is broken down into three distinct categories: 1st-Term Enlistment, 2nd-Term Enlistment, and Career. Retention reflects the overall satisfaction of Service members and is a good indication of the success that DoD has in convincing Service members to stay in the military, as related to End Strength. It is important to note that each of the Services maintains different retention rates and also that retention rate goals may be modified throughout the year.

Three performance measures were jointly developed and adopted by the initiative lead:

- **Military Recruitment Requirements (Number of Recruits vs. Unemployment Rate)**

This measure tracks the recruitment requirements and actual number of Military Service members recruited by year. This is an output measure and is important when viewed as the sum of the individual Services versus the total DoD requirement. This measure helps DoD determine current and future problems related to sustaining a steady workforce. It is displayed both as a DoD-wide representation of recruiting successes relative to established goals, and at the Service level, which reflects how the Services have performed over the past six years relative to stated goals.

- **Improvement in Military Standard of Living (Annual Military Pay Increases Compared with ECI)**

This measure tracks the military pay increases compared with the Economic Cost Index, which tracks average civilian wages from year to year. This is an outcome measure, but must be viewed in context with the other Quality of Life measures in order to convey a true picture of the military situation.

- **Elimination of Out-of-Pocket Housing Costs by 2005 (Average Percentage of Out-of-Pocket Housing Expenses Paid by Service Member)**

This measure tracks the successful reduction in the elimination of out-of-pocket costs to Service members relating to housing. This is an output measure, but is useful when viewed as a component of the Quality of Life picture.



## 2.01 - Improved Pay and Retirement Benefits

- **Performance Measures**
  - Military retention rates
  - Military recruitment rates compared with unemployment rates
  - Annual military pay compared with ECI
  - Elimination of out-of-pocket housing costs

## Initiative 2.01 - Improved Pay and Retirement Benefits

### Recommendations

The following are recommended measures that should be included within this initiative in order to achieve a balanced scorecard:

1. Internal Business Process – Military recruiting rate measures would be more effective if results were also tracked by education level to gauge the success of recruitment efforts across the new-hire spectrum. The team attempted to get these data, but were told that the information requested was only broken down by High School and AFQT. Retention rates among active-duty military members are maintained on the overall success in retention of eligible Service members for 1st-Term, 2nd-Term, and Career. However, when the question about goals for retention was posed, the answer was that the Services do not maintain them beyond the past year's. It is recommended that year-to-year retention goals be tracked so that it can be determined whether the DoD is meeting its requirements. A GAO report on Military Personnel (*Systematic Analysis Needed to Monitor Retention*) reflects retention rates from 1988 forward, but does not report goals. Services' retention goals differ greatly by speciality and by periods throughout the year, so obtaining from the Services specifics on retention goals may be difficult, but worthwhile. Comparing annual military pay increases with the ECI will assist in tracking military pay increases in relation to those of contemporaries in the civilian workforce. Inclusion and tracking of all these measures will provide a true and more complete snapshot of military Quality of Life issues.
2. Financial – It is recommended that recruitment costs be tracked against retention costs so that the Services understand the financial importance of retention.
3. Customer Service – Feedback from the Military Service members on the effectiveness of the Quality of Life initiatives is critical to gauge the direction to take toward improvement. This feedback can be obtained through surveys or Web site inquiries/comments.
4. Innovation and Learning – The education of Military Service members must be done in tandem with improvements in pay and retirement benefits so that the Service members are able to take advantage of and appreciate the opportunities. Feedback systems on the training must be established to ensure that the training was successful.



## 2.01 - Improved Pay and Retirement Benefits

- **Recommendations**

- Adoption of the following metrics are recommended:
- Internal Business Process
  - Break down recruitment statistics by Service and education level (AFQT, High School, College, Postgraduate)
  - Initiate tracking of retention goals from year to year
  - Measure improvement of standard of living across the Quality of Life spectrum
- Financial - Track recruitment costs versus retention costs
- Customer Service - Track the military members' reaction (positive/negative) to improvements in Quality of Life issues through surveys and/or Web site
- Innovation and Learning - Measure education of military personnel on pay and retirement benefits

## Initiative 2.01 - Improved Pay and Retirement Benefits

**Goal:** Meet military recruitment requirements

**Performance Measure:** Annual recruiting success relative to established goal reflected as number of recruits vs. unemployment rate by fiscal year

Number of Recruits								
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Actual	184,096	175,783	185,987	197,081	186,150	187,180		
Required	184,096	174,025	185,987	197,081	191,735	194,667	205,557	202,626
Percent	100%	101%	100%	100%	97%	96%		
Unemployment Rate								
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Actual	6%	5%	6%	5%	5%	4%		

**Source:** ODASD (MPP) O&EPM Historical File; GAO Report, *Military Personnel First Term Recruiting and Attrition Continue to Require Focus Attention*, GAO/T-NSIAD-00-102

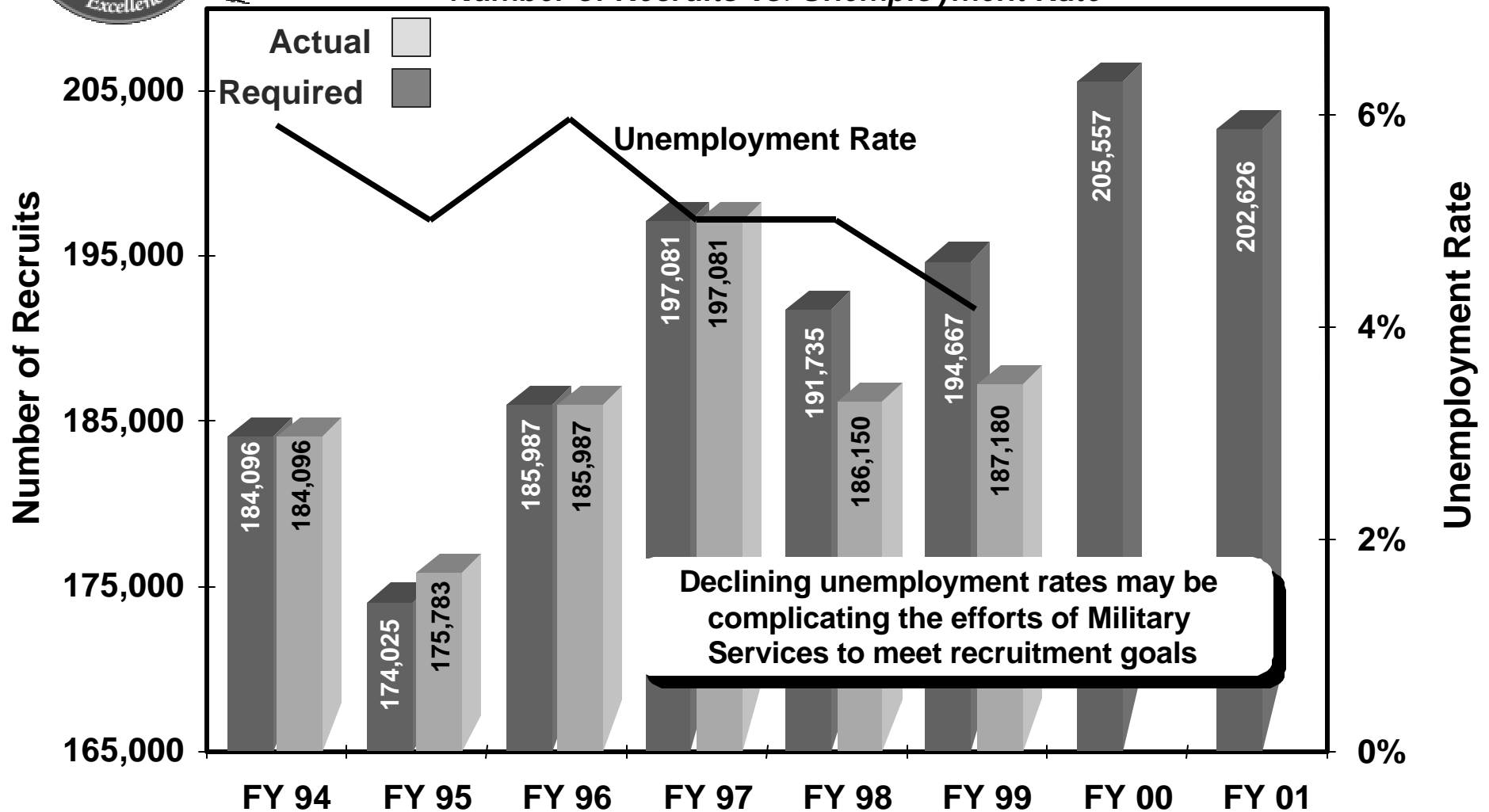
**Organization, Systems, and Other Issues:** Declining unemployment rates may be complicating the efforts of the Military Services to meet recruitment goals.





# Meet Military Recruitment Requirements

*Number of Recruits vs. Unemployment Rate*



## Initiative 2.01 - Improved Pay and Retirement Benefits

**Goal:** Focus on improving the annual military recruiting successes among the Services from year to year

**Performance Measure:** Annual military recruiting success relative to established goal decomposed to the Service level

### Percentage of Recruiting Goal (%)

#### Army

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
<u>Actual</u>	101%	100%	100%	100%	99%	88%	
<u>Projected</u>	100%	100%	100%	100%	100%	100%	100%

#### Navy

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
<u>Actual</u>	100%	100%	100%	100%	88%	100%	
<u>Projected</u>	100%	100%	100%	100%	100%	100%	100%

#### Air Force

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
	100%	100%	100%	100%	100%	95%	
	100%	100%	100%	100%	100%	100%	100%

#### Marine Corps

	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
	101%	103%	100%	100%	100%	100%	
	100%	100%	100%	100%	100%	100%	100%

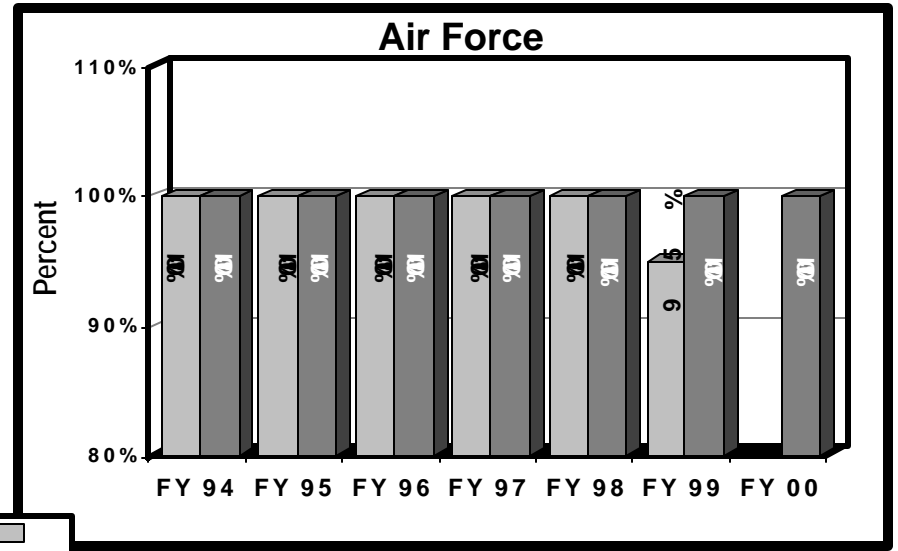
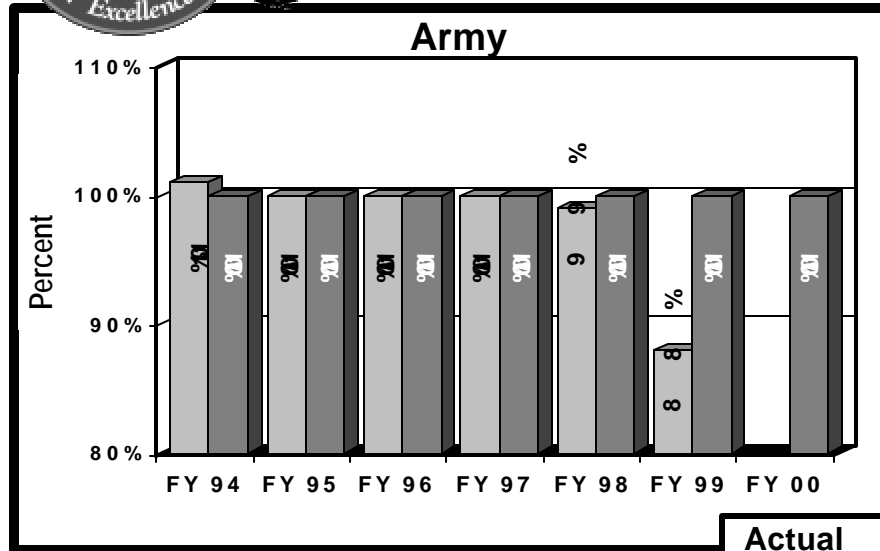
**Source:** ODASD (MPP) O&EPM Historical File

**Organization, Systems, and Other Issues:** N/A

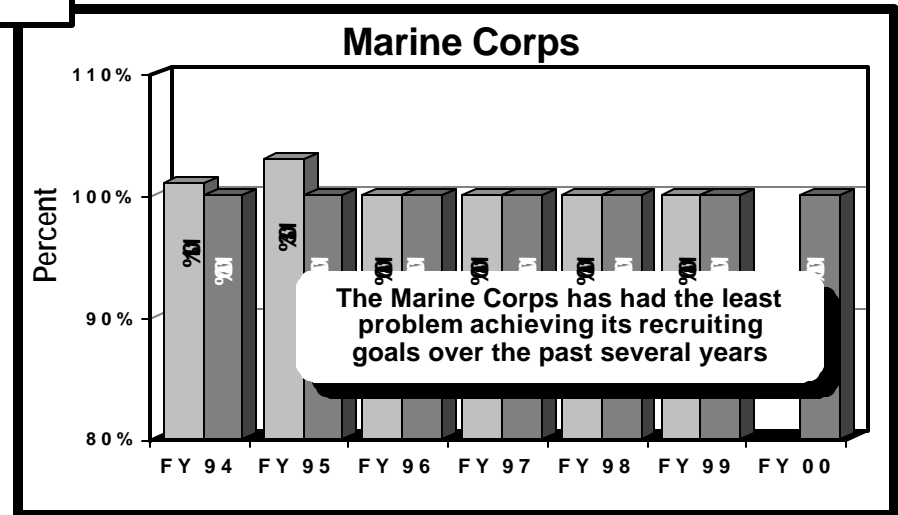
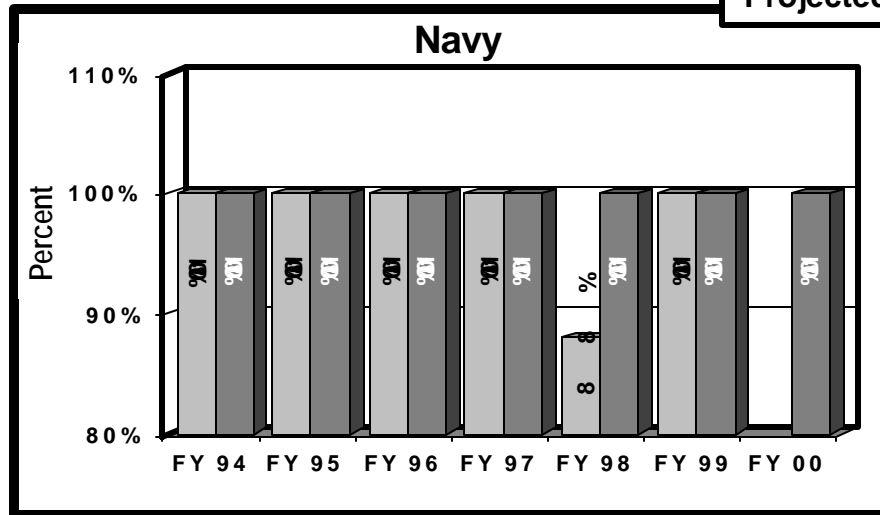


# Military Recruited Annually

Recruiting goals are expressed in terms of percentage, as a method of tracking year-to-year goals over times of differing operational and personnel requirements



Actual  
Projected



The Marine Corps has had the least problem achieving its recruiting goals over the past several years

## Initiative 2.01 - Improved Pay and Retirement Benefits

**Goal:** Improve military retention rates over 1st-term enlistment periods

**Performance Measure:** Retention of military personnel measured annually by Service

### First-Term Retention

Army (number)						Air Force (percent)				
	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Actual	24,312	21,672	20,843			56.0	54.0	49.0		
Goal			20,200	20,200	20,200			55.0	55.0	55.0

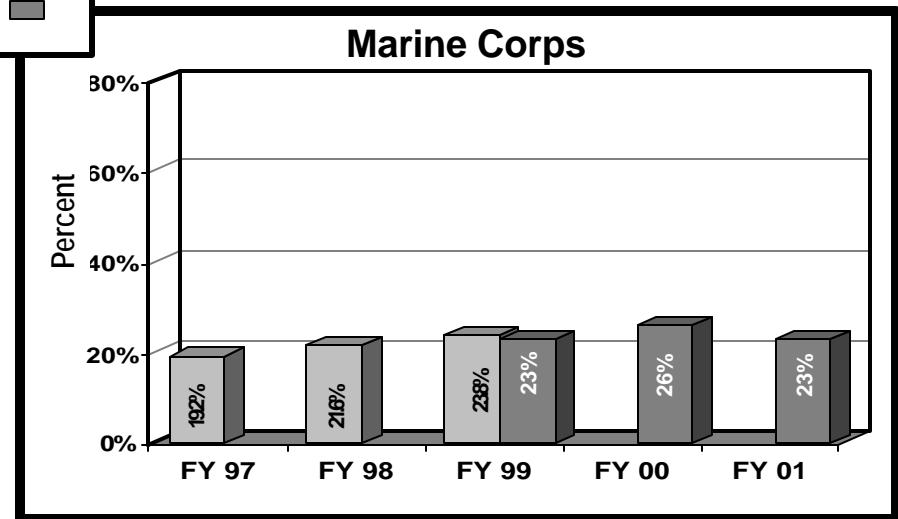
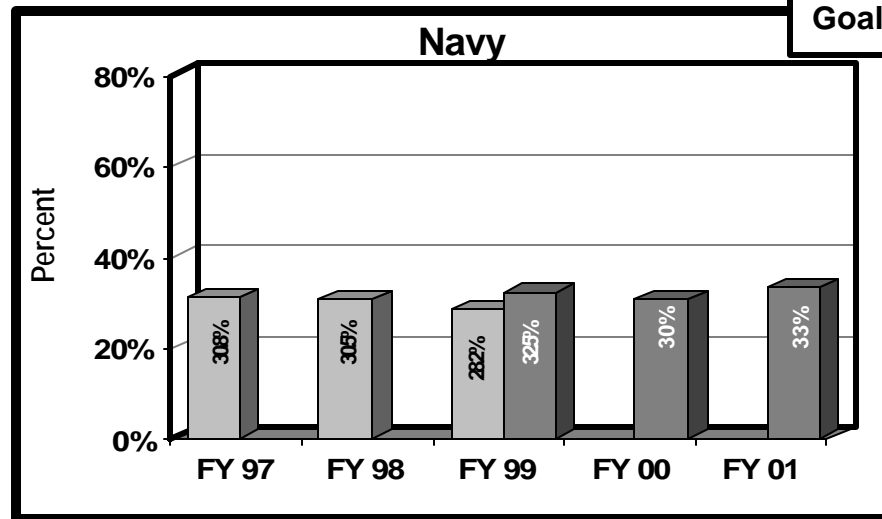
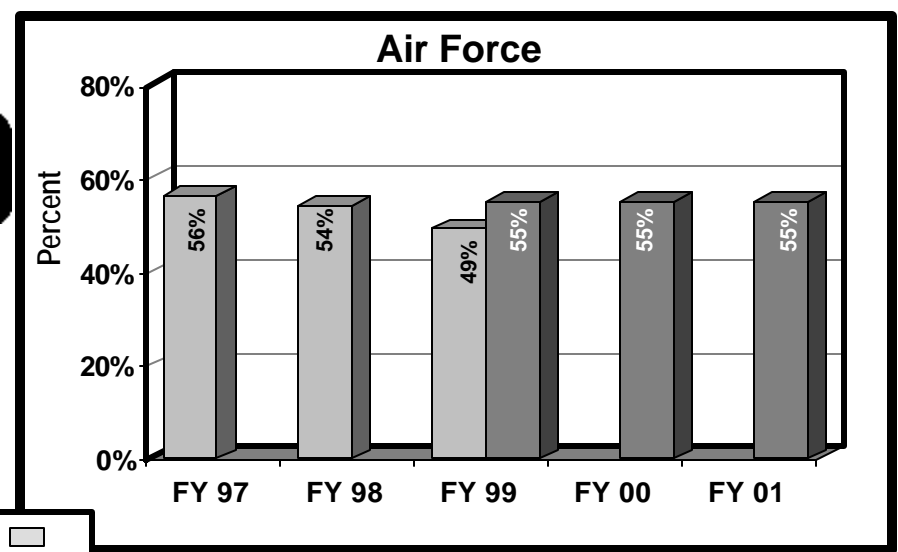
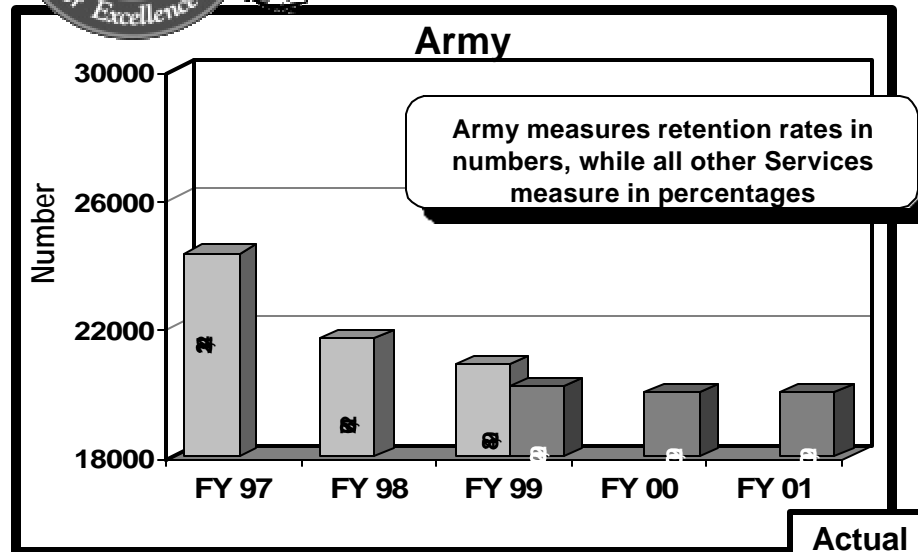
Navy (percent)						Marine Corps (percent)				
	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Actual	30.8	30.5	28.2			19.2	21.6	23.8		
Goal			32.5	30	33			23.0	26.0	23.0

**Source:** *Government Performance and Results Act (GPRA) 2001 Plan*

**Organization, Systems & Other Issues:** Army measures retention rates in numbers, while all other Services measure in percentage of eligible military members



# Active Military Component 1st-Term Enlisted Retention Rates



## Initiative 2.01 - Improved Pay and Retirement Benefits

**Goal:** Improve military retention rates over 2nd-term enlistment periods

**Performance Measure:** Retention of military personnel measured annually by Service

### Second-Term Retention

		<b>Army</b> (number)					<b>Air Force</b> (percent)				
	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>		<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Actual	30,209	22,912	24,174				71.0	69.0	69.0		
Goal			23,000	24,700	24,700				75.0	75.0	75.0

		<b>Navy</b> (percent)					<b>Marine Corps</b> (percent)				
	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>		<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Actual	48.4	46.3	43.8				56.6	57.7	56.5		
Goal			48.0	45.0	48.0				n/a	n/a	n/a

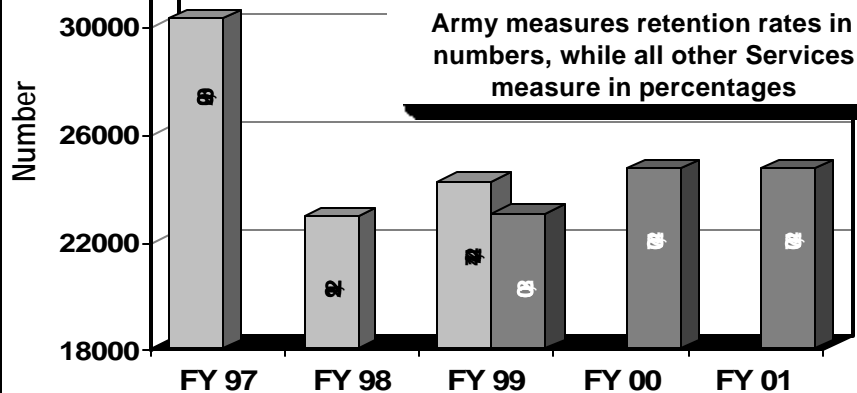
**Source:** *Government Performance and Results Act (GPRA) 2001 Plan*

**Organization, Systems & Other Issues:** Army measures retention rates in numbers, while all other Services measure in percentage of eligible military members. The Marine Corps monitors trends, but does not set management goals for second-term retention.

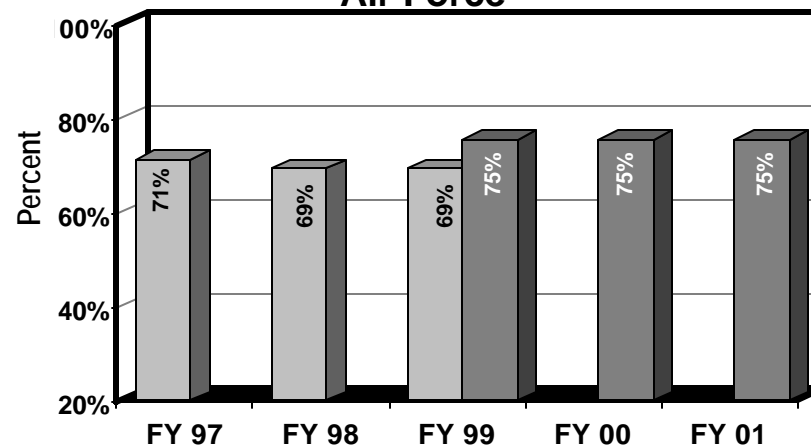


# Active Military Component 2nd-Term Enlisted Retention Rates

## Army



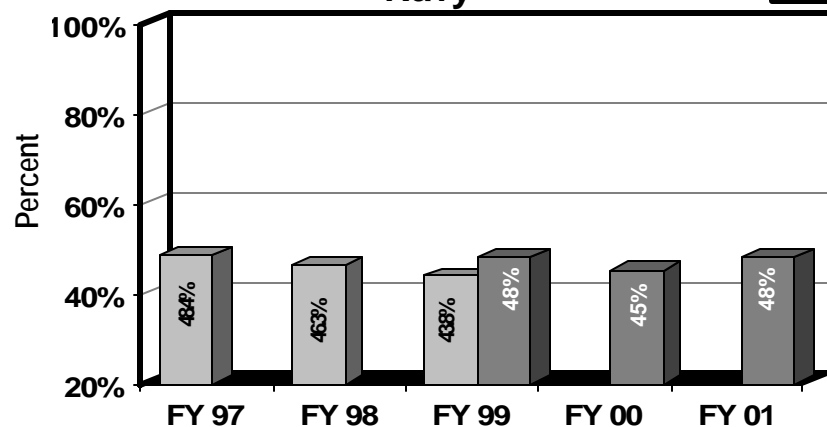
## Air Force



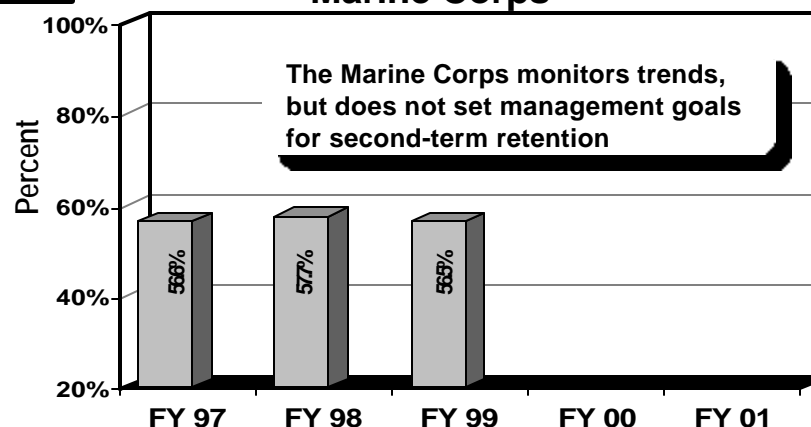
Actual

Goal

## Navy



## Marine Corps



## Initiative 2.01 - Improved Pay and Retirement Benefits

**Goal:** Eliminate out-of-pocket housing cost for military personnel

**Performance Measure:** Decrease average percentage of out-of-pocket housing cost

### Average Percentage of Out-of-Pocket Housing Cost

	<b>Baseline</b>	<b>Target</b>					
	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>Actual</b>	20%						
<b>Projected</b>		19%	15%	11%	7.5%	3.5%	0%

**Source:** ODASD (MPP) O&EPM Historical File

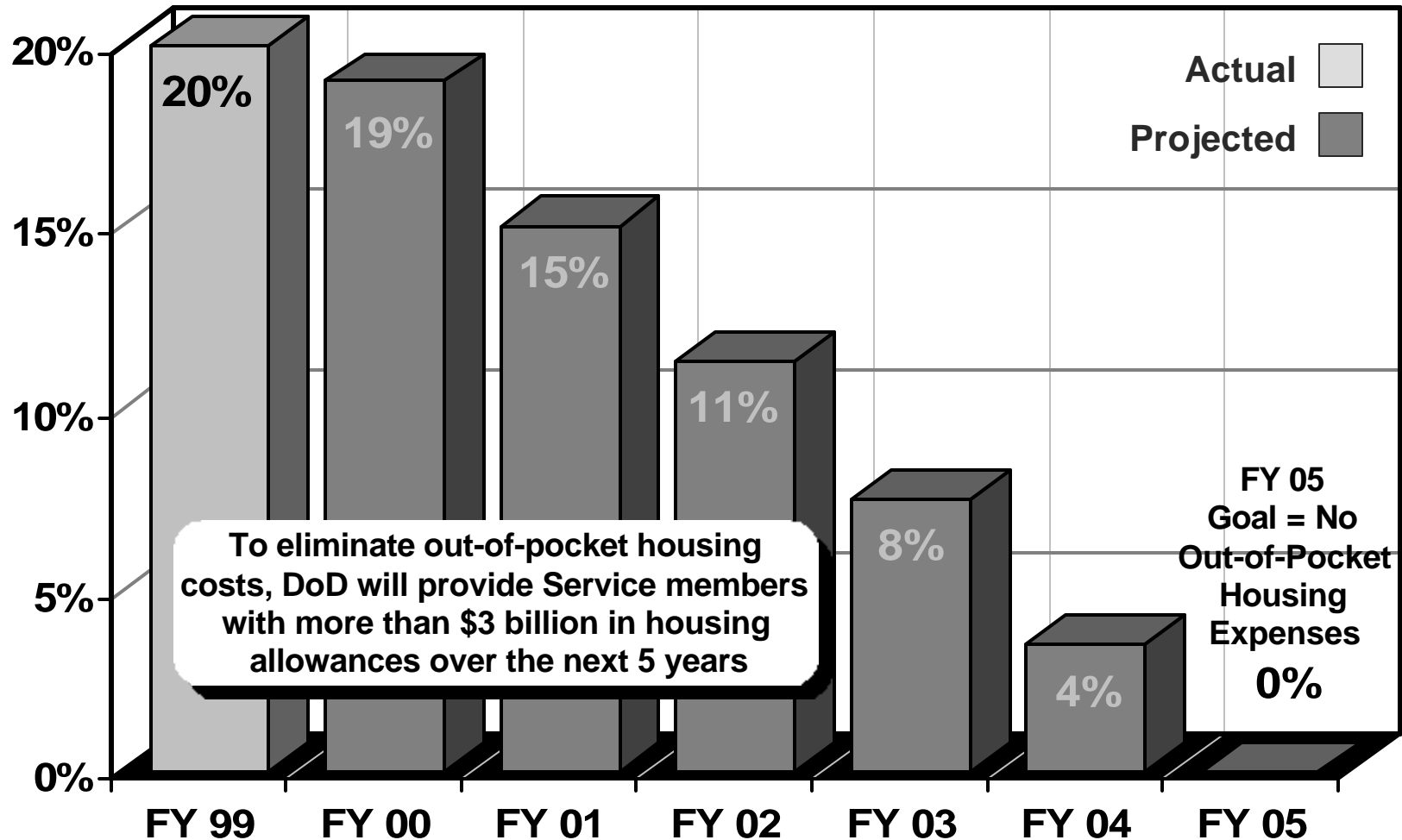
**Organization, Systems and Other Issues:** Reprogramming of funds will be needed to support this effort. Out-of-pocket expenses estimated through annual survey conducted by Military Services.





# Eliminate Out-of-Pocket Housing Costs by 2005

*Average Percentage of Out-of-Pocket Housing Cost Paid by Service Member*



## Initiative 2.01 - Improved Pay and Retirement Benefits

**Goal:** Improve military standard of living

**Performance Measure:** Annual military pay increases compared with ECI

### Pay Raise (%)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<u>Actual</u>	4%	3%	3%	2%	4.1%	3.6%	4.1%	4.2%	3.7%	2.2%	3%	3%	3%	3%	3.4%	4.8%
<u>Projected</u>																3.7%

### Employment Cost Index (ECI)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<u>Actual</u>	4.1%	4.8%	3.2%	3.2%	3.7%	4.3%	4.2%	3.7%	2.7%	3.1%	2.7%	2.9%	3.3%	3.4%	3.4%	

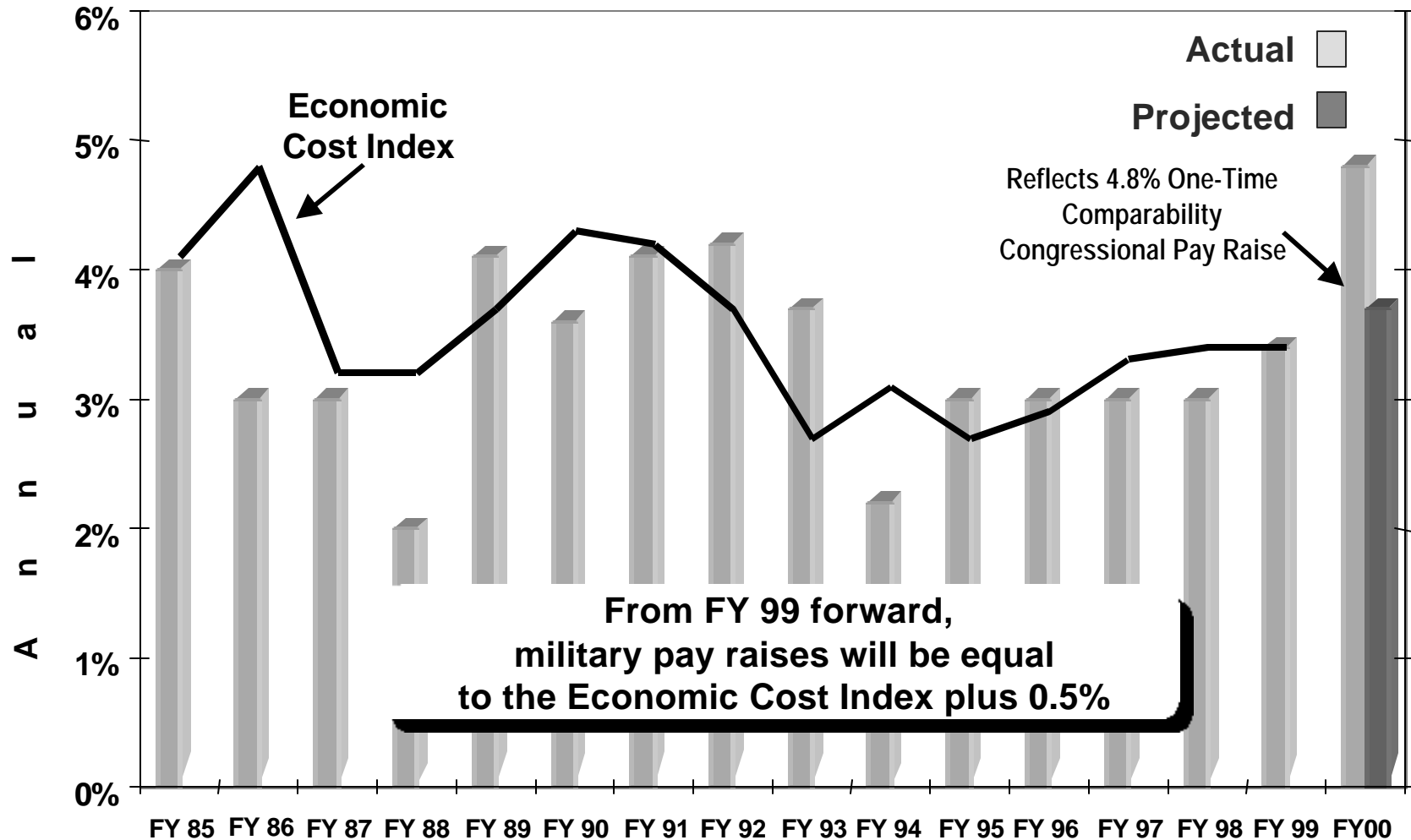
**Source:** Department of Treasury Public Affairs Releases dated 1/2/00, 3/2/98; ODASD (MPP) O&EPM

**Organization, Systems, and Other Issues:** The Employment Cost Index is a measurement of increases to average wages from year to year



# Improve Military Standard of Living

*Annual Military Pay Increases Compared with Economic Cost Index*



# **Initiative 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System**

## **Background**

Initiative 2.02 (Simplifying, Streamlining, and Saving with a Commercial Travel System) is managed by the Defense Travel System Program Management Office (DTS-PMO). The initiative seeks to simplify and automate the DoD Temporary Duty (TDY) travel process, improve customer service levels, and reduce the associated administrative costs. Specifically, the stated DTS goals are as follows:

1. Reduce TDY travel management expenses
2. Increase payment turnaround time for customers
3. Provide superior customer service to Defense Travel System users
4. Simplify and streamline DoD TDY travel process
5. Implement Defense Travel System within all DoD regions by the end of FY 2001

The current travel process is predominately paper-based and lacks a customer focus. The DTS will use leading-edge technologies to automate the TDY travel process in an electronic environment. By streamlining the travel management function, DTS is expected to provide DoD with direct annual cost savings of nearly \$100 million per year after full implementation. Full deployment is scheduled to be completed by the end of FY 2001; however, the current deployment schedule is in flux because of DTS performance test concerns.

In addition to having a positive impact on the stated Initiative 2.02 goals, the DTS is expected to impact other DRI reform areas, such as Digital Signatures, DISA Public Key Infrastructure, and EC/EDI.

## **Approach**

The project team held a series of meetings with the DTS-PMO and representatives from the contractor assisting the DTS-PMO with the establishment of a comprehensive performance metrics approach. The existing metric data were primarily collected from the the DTS-PMO's *Final Economic Analysis: Defense Travel System* (December 31, 1998) and a pilot study of the DoD travel management process.



## 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System

- **Background**
  - DTS seeks to achieve the following:
    - Simplify and automate the DoD TDY travel process
    - Improve customer service levels
    - Reduce associated TDY travel administrative costs
  - Total annual direct cost savings to DoD approaching \$100M (postimplementation)
  - Full implementation expected by DEC. 2001
  - Expected to promote DoD use of electronic commerce, PKI, and digital signatures
- **Approach**
  - Meetings with DTS-PMO and key contractors
  - In-depth data collection from available sources

## **Initiative 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System**

### **Performance Measures**

The existing metrics related to the scheduled implementation of the Defense Travel System successfully capture the benefits associated with its introduction into the DoD travel process. The DTS-PMO has developed a comprehensive set of outcome-based performance measures that will track program savings and time reductions postimplementation. The following list details the high-level performance measures currently being tracked by DTS-PMO:

1. Estimated annual direct cost savings resulting from Defense Travel System
2. Unit cost per travel voucher by cost type
3. Payment turnaround time
4. Time savings associated with DTS travel process streamlining
5. Travel process step reductions

In addition to the high-level goals detailed above, the DTS-PMO has established a comprehensive metrics approach that will allow that to both demonstrate the actual savings resulting from DTS implementation and manage the overall initiative through active performance measurement efforts.



## 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System

- **Performance Measures**
  - DTS high-level measures currently being tracked
    - Estimated annual direct cost savings resulting from Defense Travel System
    - Unit cost per travel voucher by cost type
    - Payment turnaround time
    - Time savings associated with DTS travel process streamlining
    - Travel process step reductions
  - DTS-PMO has established a comprehensive metrics approach allowing for active management of the program both pre- and postimplementation

## **Initiative 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System**

### **Recommendations**

The DTS-PMO identified 28 cost drivers associated with the current travel process and baselined them in a report dated 31 December 31, 1998. Of the 28 documented elements, approximately 8 are opportunity costs or direct burdens on the travelers and the remaining 20 are associated with administrative travel management costs. As a result of this distinction, the DTS-PMO will view cost savings from two distinct vantage points: (1) savings resulting from decreased administrative process elements and (2) savings resulting from reductions in time away from duty for DoD travelers while filing claims.

Based on discussions between the DTS-PMO and the project team, it is recommended that two outcome-based metric scorecards be developed to capture the savings expected after deployment. There should be one scorecard for opportunity costs (or decreased burden on travelers) that will be displayed in terms of time saved (or by placing a generic dollar value on DoD employee time to capture traveler cost savings). In addition, there should be a second scorecard depicting the dollar value of savings resulting from decreased travel management processing times. Each of these scorecards will contain aggregate totals for each of the associated cost elements and allow DoD to track program savings and better manage the initiative after implementation.

The current baseline information from which the “as-is” DoD travel management cost/time savings are estimated is based on data collected during FY 1996 and FY 1998. Because of current implementation delays being faced by the DTS, it is recommended that the DTS-PMO consider further activity-based costing exercises to accurately capture the current baseline data from which the initiative results can be accurately measured.

The DTS initiative has a stated goal to provide superior customer service to DTS users. As a result, it is recommended that the DTS-PMO team develop a comprehensive outcome-based performance assessment tool for determining the associated impact that DTS has upon the DoD TDY travel process. This assessment tool could take the form of a distributed survey effort to DoD employees or the incorporation of a customer service response element within the DTS program application.





## 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System

- **Recommendations**
  - Actively track the 28 identified cost drivers during implementation and beyond into scorecards
    - Opportunity costs resulting from time away from duty (8 elements)
    - Administrative travel management costs (20 elements)
  - Reassess “as-is” data through activity-based costing exercises to capture current baseline
  - Emphasize the collection of customer satisfaction performance measures
    - Develop outcome-based performance assessment tool within DTS application
    - Distribute survey to DoD travelers

## **Initiative 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System**

**Goal:** Reduce TDY travel management expenses

**Performance Measure:** Estimated annual direct cost savings resulting from Defense Travel System

### **Estimated Annual Direct Cost Savings Resulting from Defense Travel System Implementation**

<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>
-\$23M	-\$26.4M	\$49.7M	\$85.3M	\$96.9M	\$99.5M	\$99.5M	\$99.5M

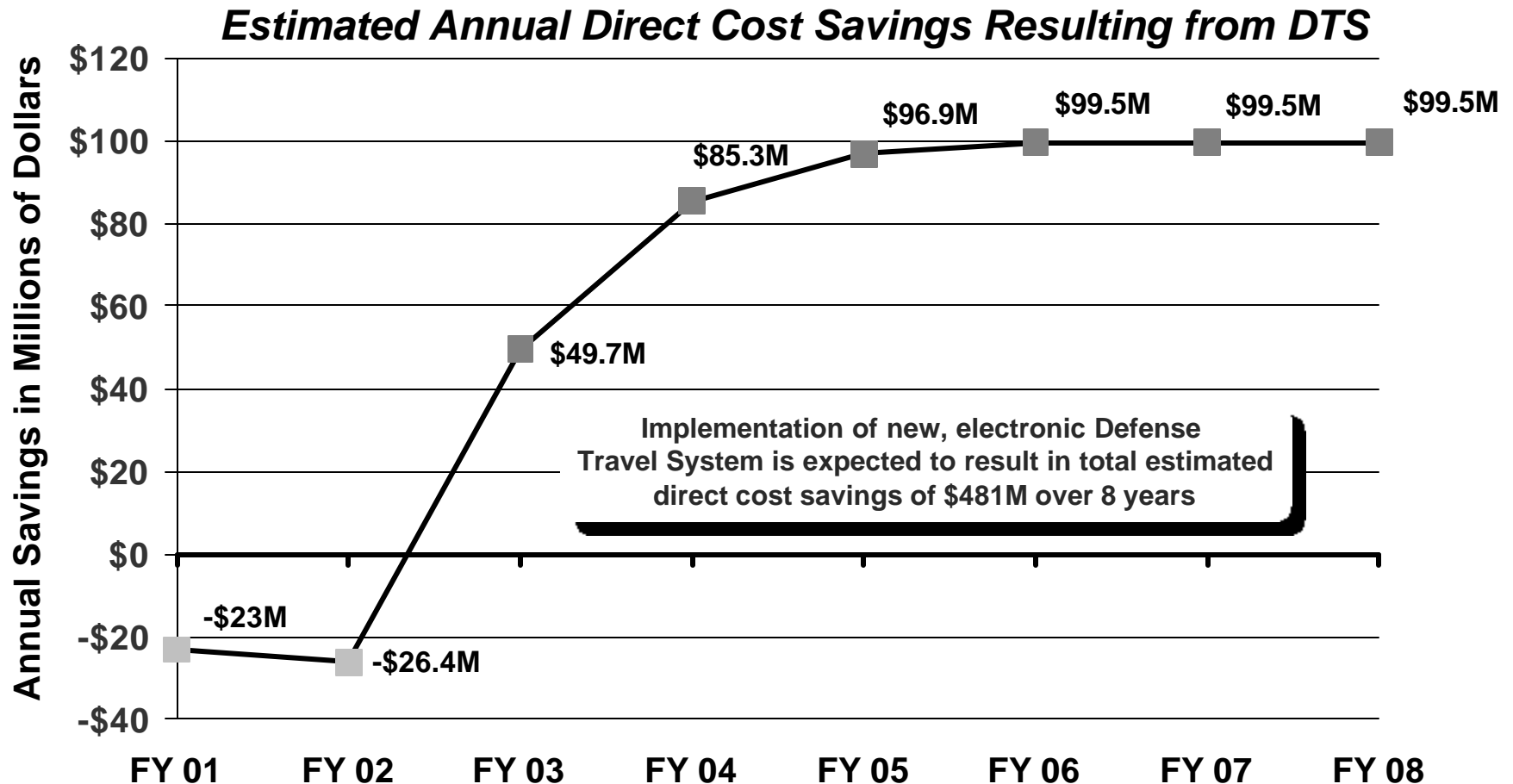
**Source:** Final Economic Analysis, Defense Travel System, December 31, 1998

### **Organization, Systems, and Other Issues:**

1. Implementation of new, electronic Defense Travel System is expected to result in total estimated direct cost savings of \$481M over 8 years
2. Travel management expenses include traveler, approval authority, and processing cost burdens



# Reduce TDY Travel Management Expenses



## **Initiative 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System**

**Goal:** Reduce TDY travel management expenses

**Performance Measure:** Unit cost per travel voucher by cost type

### **Unit Cost per Travel Voucher by Cost Type**

	<b>FY 96 Actual</b>	<b>FY 06 Projected</b>	<b>Reduction</b>
<b>Traveler Costs per Voucher</b>	<b>\$94</b>	<b>\$28</b>	<b>71%</b>
<b>Administrative Costs per Voucher</b>	<b>\$43</b>	<b>\$22</b>	<b>49%</b>

**Source:** Final Economic Analysis, Defense Travel System, December 31, 1998

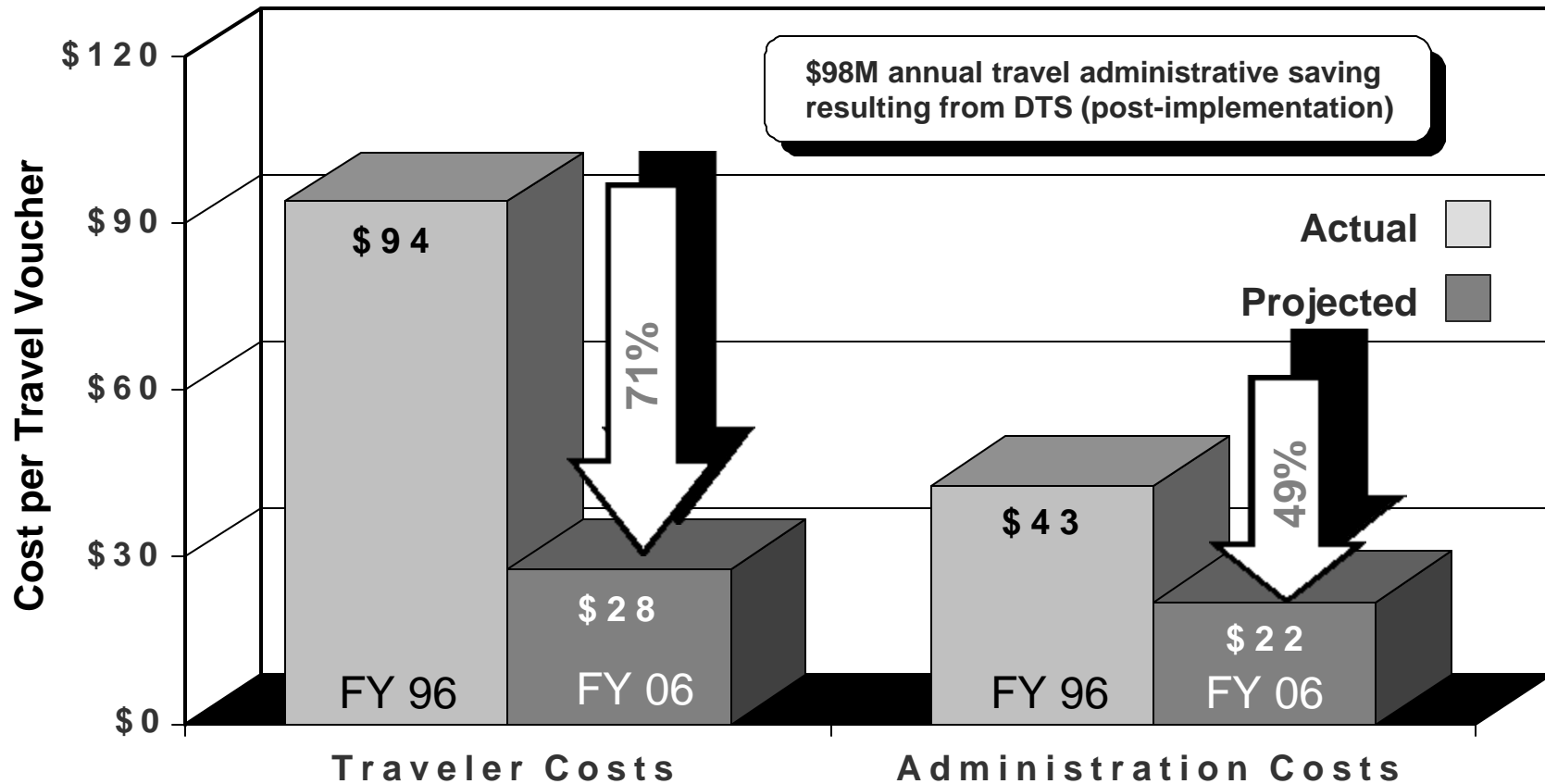
### **Organization, Systems, and Other Issues:**

1. \$98 million in annual TDY travel management savings resulting from the Defense Travel System after full implementation
2. Traveler Cost = Dollar value of time spent filling out and approving travel vouchers at the mission level
3. Administration Cost = Dollar value of time spent processing travel vouchers.



# Reduce TDY Travel Management Expenses

*Unit Cost per Travel Voucher by Cost Type*



## Initiative 2.02 - Simplifying, Streamlining, and Saving with a Commercial Travel System

**Goal(s):** Decrease payment turnaround time for customers  
Simplify and streamline DoD TDY travel process

**Performance Measure(s):** Payment turnaround Time  
Time savings associated with DTS travel process streamlining  
Travel process step reductions

### Payment Time Turnaround

	FY 96 Actual	FY 06 Projected	Reduction
Payment Time	11.3 days	5.8 days	5.5 days

### Time Savings Associated with DTS Travel Process Streamlining

	FY 96 Actual	FY 06 Projected	Reduction
Traveler/Approving Official Time	4.1 hours	1.2 hours	2.9 hours
Process Steps	40 steps	21 steps	19 steps

**Source:** *RTTO Pilot Study*

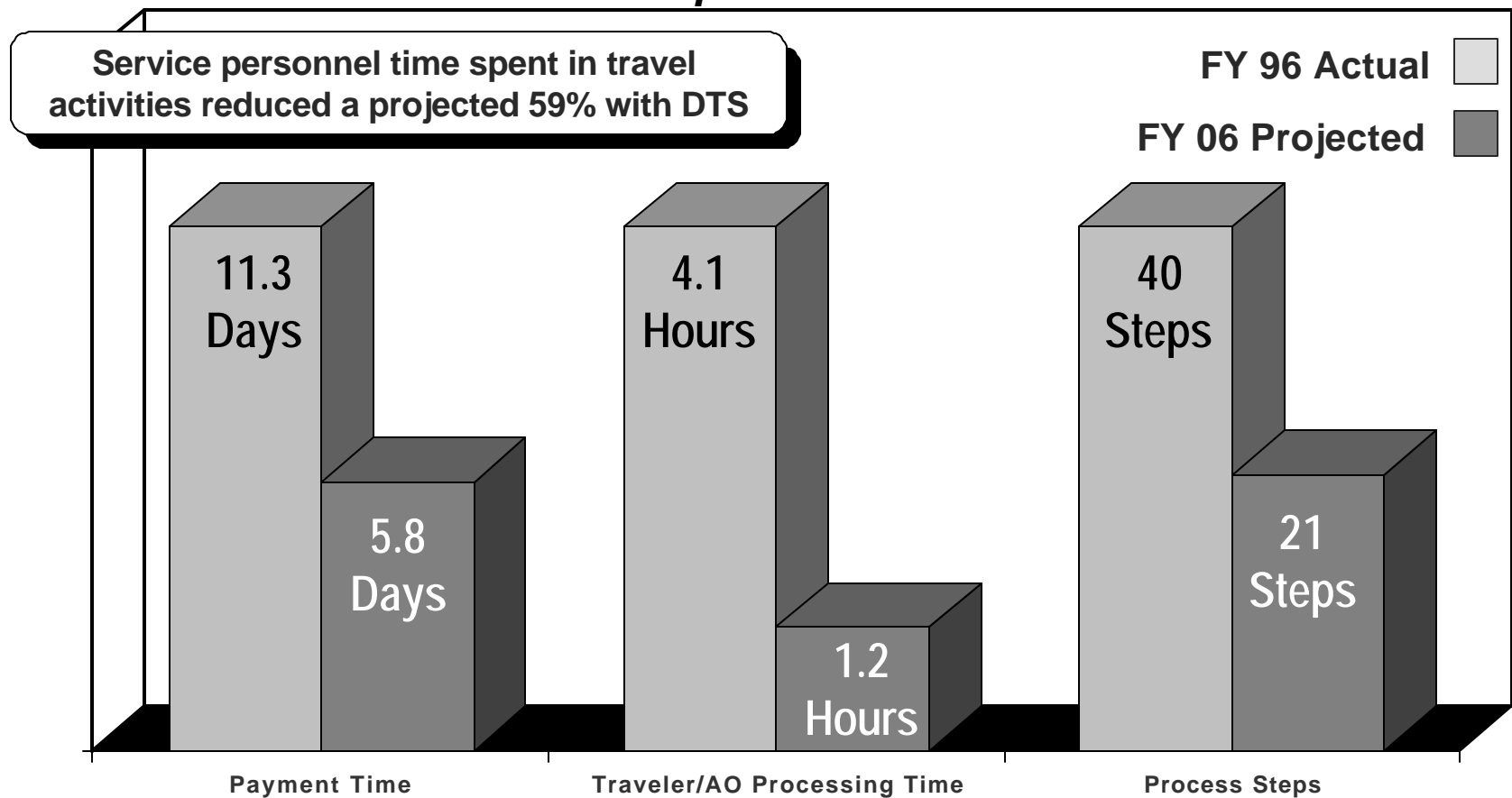
### Organization, Systems, and Other Issues:

1. Service personnel time spent in travel-related activities reduced a projected 59 percent with implementation of the Defense Travel System
2. Projected value estimates are based upon travel reengineering pilot study



# Simplify, Streamline, and Improve the TDY Travel Experience

## *Time and Process Step Reductions Associated with DTS*



## **Initiative 2.03 - Household Goods Transportation**

### **Background**

Initiative 2.03 (Household Goods Transportation) is managed by the Full Service Moving Project Program Management Office (FSMP-PMO). Each year, DoD moves the household goods of approximately 650,000 Service members at a cost of nearly \$1.2B. The FSMP-PMO is reengineering the process of moving Service member household goods to meet the following goals:

1. Simplify and streamline the movement of household goods
2. Improve the Quality of Life for Service members
3. Ensure the availability of transportation for moves
4. Encourage small business participation
5. Achieve all FSMP goals at a reasonable cost to DoD

The FSMP-PMO seeks to implement a “best value” service for the movement of household goods DoD-wide. The major features of this initiative include the following: point-to-point move management, on-time pickup/delivery guarantees, binding cost estimates, full replacement value protection for lost/damaged goods, and direct claims processing. The FSMP-PMO issued the RFP for the FSMP pilot in March 2000 and DoD-wide implementation is projected to begin in January 2001.

The FSMP impact is expected to have a direct, positive impact on Service member Quality of Life through the following concepts: streamlined commercial process, single point of contact (POC) for all household goods move requirements, access to top-quality move service providers, and electronic billing through US Bank’s Powertrack system.

### **Approach**

The project team collected baseline data and other initiative information from the FSMP-PMO. The team also held meetings with the Project Manager, FSMP-PMO to discuss initiative impact and develop additional performance measures.





## 2.03 - Household Goods Transportation

- **Background**

- DoD moves the household goods of 650,000 Service members annually at a cost of \$1.2 billion
- FSMP seeks to implement a “best value” service for the movement of household goods
- FSMP Pilot RFP issued in March 2000, with DoD-wide implementation slated to begin in January 2001

- **Approach**

- In-depth data collection
- Meetings with FSMP-PMO and key contractors

## **Initiative 2.03 - Household Goods Transportation**

### **Performance Measures**

The FSMP-PMO is currently in the process of capturing baseline information related to the as-is costs and customer satisfaction levels associated with the movement of Service member household goods (HHG).

Current cost elements under consideration include direct carrier costs, indirect infrastructure costs, and various other expenses. The as-is cost data will be compared with a “to-be” cost model that is being developed by the FSMP-PMO. The to-be cost model will enable the FSMP-PMO to accurately capture the total ownership cost of the FSMP program and allow DoD to better manage the initiative after implementation. The to-be cost model will consider outcome metrics that are considered direct measures of the FSMP performance related to each of the initiative’s stated goals.

Baseline customer satisfaction measures are currently being captured through a series of surveys carried out by the FSMP-PMO and USTRANSCOM. The survey will be delivered to both Service members moving under the FSMP pilot initiative and a control group of those moving under the traditional household goods move arrangement.

The following high-level FSMP performance measures will be addressed within this report:

1. Percentage of moves with claims filed
2. Claim resolution time
3. Carrier payment time
4. Storage-in-transit (SIT) times
5. Service member out-of-pocket costs



## 2.03 - Household Goods Transportation

- **Performance Measures**
  - Current high-level metrics include the following:
    - Percentage of moves with claims filed
    - Claim resolution time
    - Carrier payment time
    - Storage-in-transit (SIT) times
    - Service member out-of-pocket costs
  - Baseline customer service data currently captured
  - “To-be” cost model will address FSMP performance

## **Initiative 2.03 - Household Goods Transportation**

### **Recommendations**

The FSMP-PMO developed a detailed performance measurement model by which it will assess the performance of the FSMP initiative. By focusing on outcome-based performance measurements before implementation, DoD will be able to accurately capture the resulting impact upon Quality of Life issues for Service members and possess tools for actively managing the FSMP program.

It is recommended that the FSMP-PMO place emphasis on the overall program costs of the FSMP. In moving to a “best value” service to promote customer service levels, DoD’s actual total move costs may show a resulting increase. However, the potential lack of overall move cost savings should not deter the FSMP-PMO from capturing such information. Special attention should also be paid to the amount of time that a Service member spends involved in the household goods movement process. This time is expected to decrease as a result of the FSMP and can be compared with program costs to provide a “best value” comparison.

The FSMP-PMO should also develop an overall, aggregate move rating that considers rollup values of all identified performance measures associated with individual moves. This scorecard would measure the percentage of “perfect moves” meeting the requirements set forth by the FSMP-PMO.



## 2.03 - Household Goods Transportation

- **Recommendations**
  - Formalize plan for capturing overall program costs (regardless of demonstrated savings)
  - Develop a metric to measure the amount of time a Service member spends in the household goods process
  - Compare program costs to benefits for Service member to provide a “best value” comparison
  - Develop a “perfect move” scorecard

## **Initiative 2.03 - Household Goods Transportation**

**Goal:** Improve customer service levels associated with the HHG move process

**Performance Measures:** The following are the current performance measures used by the FSMP:

### **Percentage of Moves with Claims Filed**

Current Baseline = 25% or greater

FSMP Goal = 8% or less

### **Claim Resolution Time**

Current Baseline = 180 days or greater

FSMP Goal = 45 days or less

### **Carrier Payment Time**

FSMP Goal = Payment within 30 days

### **Storage-in-Transit (SIT) Times**

FSMP Goal = Less than 60% SIT rates

### **Service Member Out-of-Pocket Costs**

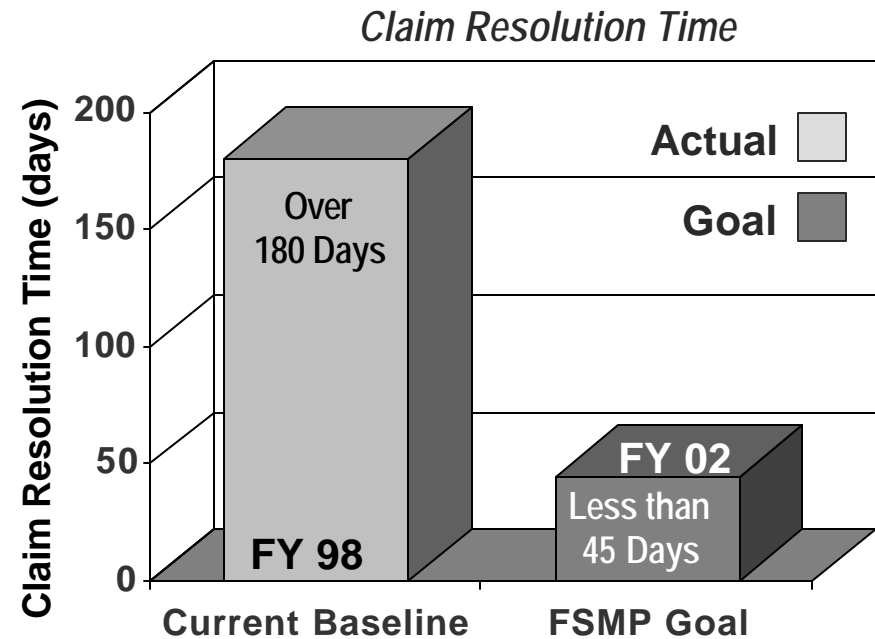
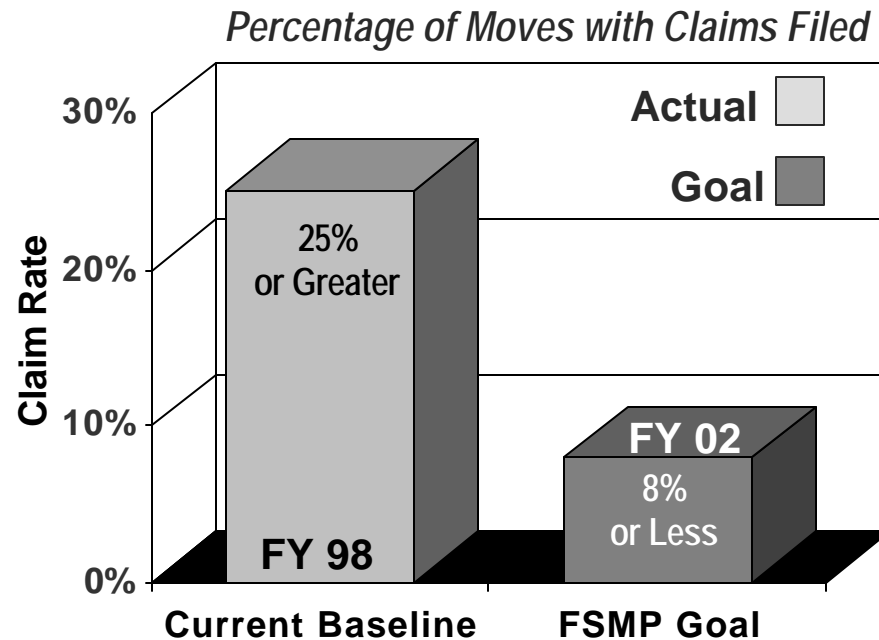
FSMP Goal = 0% Out-of-Pocket

**Source:** FSMP-PMO

**Organization, Systems, and Other Issues:** FSMP pilot program runs from October 2000 to June 2001, and DoD-wide implementation is scheduled for January 2002.



# Improve Customer Service Levels Associated with the HHG Move Process



## Other FSMP Metrics

Quicker Payment to Carriers  
Goal = Payment within 30 days

Eliminate Out-of-Pocket Costs  
Goal = 0% Out-of-Pocket

Reduce Storage in Transit (SIT)  
Goal = Less than 60% with SIT

## **Initiative 2.04 - Defense Integrated Travel and Relocation Solutions**

### **Background**

This initiative is led by the Defense Integrated Travel and Relocation Services (DITRS) office. The initiative impacts the Human Resources core process. The DITRS office was just recently opened (September 1999) and therefore most of their performance measurements were initiated from the draft Concept of Operations (CONOPS) that has not been approved by the Services or OSD. With this in mind, some of the performance measurements can only be implemented if the CONOPS is agreed upon by the above-mentioned decisionmakers. The business initiative is to improve travel and relocation services for the military members. The desired outcome is to improve services for Military Service members that will improve their Quality of Life.

### **Approach**

The project team investigated all current publicly available information to augment their existing knowledge of DoD DITRS programs. Extensive interviews were then held with representatives of the DITRS office to gain an understanding of underlying goals and currently available information/data that could be used in developing performance metrics and scorecards. The team discussed the balanced scorecard approach with the representatives of DITRS and gained their consensus on the approach.

Following data assessment, the project team developed proposed performance measures and presented them to the initiative lead. Following initiative lead acceptance of the new metrics, scorecards were developed to portray DoD performance within the new metrics.





## 2.04 - Defense Integrated Travel and Relocation Solutions

- **Background**
  - Improve travel and relocation services for the Military Service members
- **Approach**
  - In-depth meetings with initiative owners
  - Balanced scorecard approach
  - Joint development of metrics/scorecards
  - Approval of scorecards

## **Initiative 2.04 - Defense Integrated Travel and Relocation Solutions**

### **Performance Measures**

The DITRS office developed performance metrics that it felt were relevant and important to include as a measure of its effectiveness. These metrics are effective in measuring the following pertinent DTS issues:

- Improvement in reserve travel by streamlining the process through automation and use of DTS (rate of implementation of DTS system throughout Reserve Components)
- Decrease in civilian homefinding and temporary quarters subsistence expenses (expenses per permanent change of station (PCS))
- Implementation of Permanent Duty Travel (PDT) Task Force findings (rate of implementation of reengineered PDT process).

The following metrics supporting the Defense Integrated Travel and Relocation Services were jointly developed during the project:

- Decrease in direct out-of-pocket expenses for moving. This measure uses a survey to directly track Military Service members' moving expenses. It is a good measure that assesses a Quality of Life issue, but looks at only a portion of the Quality of Life picture. In order to track the entire Quality of Life spectrum, this measure must be supported and used in conjunction with other Quality of Life measures.
- Decrease in travel voucher process labor by implementing the Electronic Voucher Payment System (estimated DoD labor hours associated with travel voucher processing). This measure tracks the time expended to process a travel voucher. It is expected that the labor hours associated with this process will be significantly reduced with electronic travel voucher processing and the resulting elimination of manual, paper-based processes. This is a process measure that represents a good interim metric that will eventually allow the development of a follow-on measure to track the overall quality of the travel voucher process from the perspective of the user. It is suggested that DITRS track this measure until the electronic voucher processing system is in full implementation and then survey the users to gauge satisfaction with the new system. This will also provide a forum for the users to suggest improvements to the system for improving efficiency and customer satisfaction.



## 2.04 - Defense Integrated Travel and Relocation Solutions

- **Measures - DITRS-Developed**
  - Improvement in Reserve travel
  - Reduction in civilian homefinding expenses
  - Implementation of PDT task force findings
- **Measures - Jointly Developed**
  - Decrease in direct out-of-pocket expenses for moving
  - Decrease in travel voucher process labor through the implementation of the electronic voucher payment system

## **Initiative 2.04 - Defense Integrated Travel and Relocation Solutions**

### **Recommendations**

The following recommended measures should be included in Initiative 2.04 to make it a balanced scorecard:

- Internal Business Process – Establish and track the implementation schedule for each reengineering process and monitor progress toward achievement
- Financial –Track cost to convert processes from manual to electronic and cost to sustain the new process
- Customer Service – Measure customer satisfaction levels with automated systems and cycle times to process claims, through surveys or Web site
- Innovation and Learning – Set up a training program to educate users on new systems and track problems with execution. The new measures will track the ease of use of the new system by personnel after training



## 2.04 - Defense Integrated Travel and Relocation Solutions

- **Recommendations**
  - **Adoption of the following metrics is recommended:**
    - **Internal Business Process** - Establish and track the implementation schedule for each reengineered process and monitor progress toward achievement.
    - **Financial** - Track cost to convert processes from manual to electronic and the cost to sustain the new process
    - **Customer Service** - Measure customer satisfaction levels with automated systems and cycle time to process claims
    - **Innovation & Learning** - Set up a training program to educate users on new Systems and track the ease of use of the new system workforce ability

## Initiative 2.04 - Defense Integrated Travel and Relocation Solutions

**Goal:** Decrease out-of-pocket expenses for moving

**Performance Measure:** Average out-of-pocket expenses for moving

	Dollar Out-of-Pocket Cost			Target
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Actual				
Projected	\$1,350	\$950	\$450	\$0

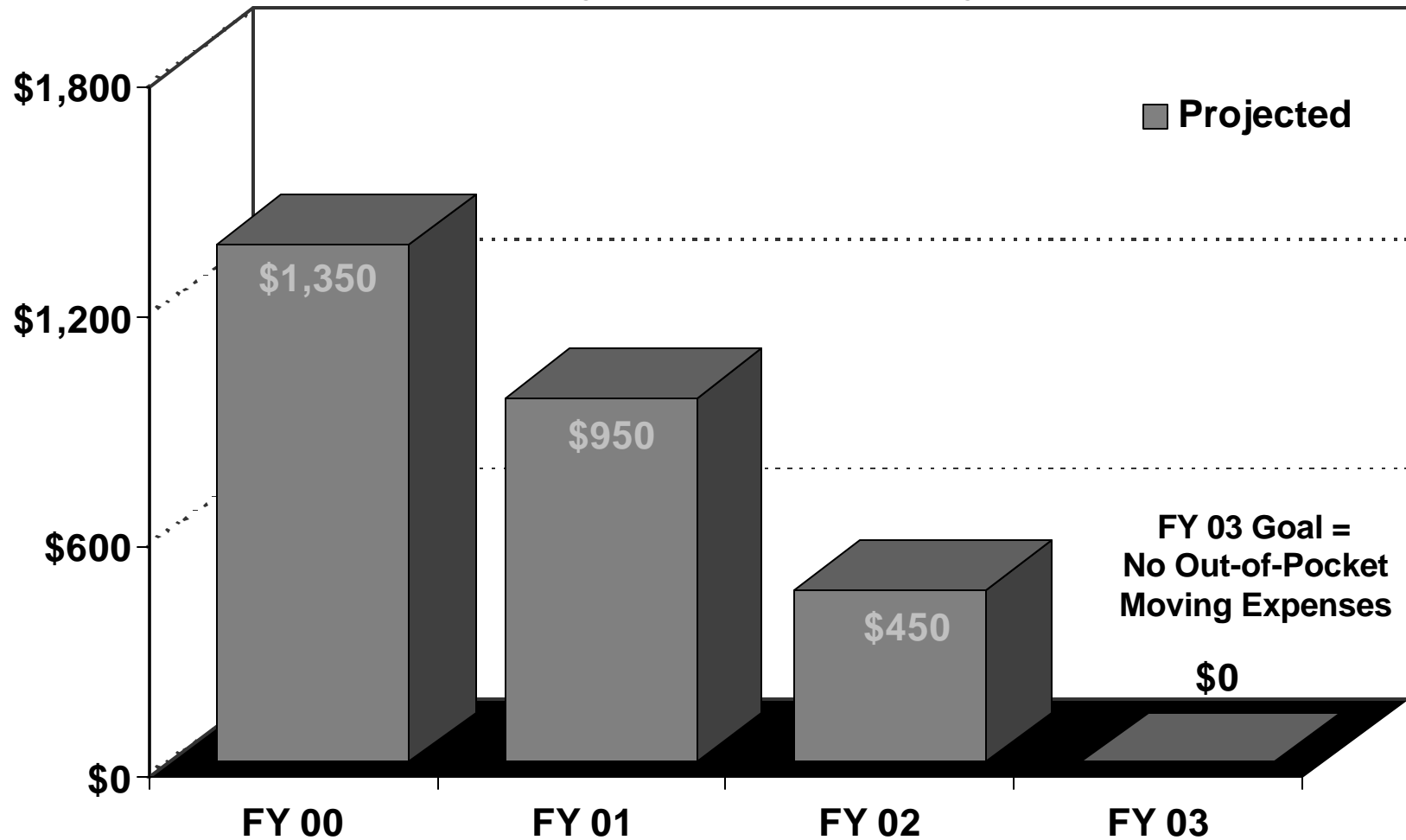
**Source:** DITRS

**Organization, Systems, and Other Issues:** Reprogramming of funds will be needed to support this effort.



# Improve Service Members' Quality of Life by Decreasing Direct Out-of-Pocket Expenses for Moving

*Average Out-of-Pocket Moving Expenses*



## Initiative 2.04 - Defense Integrated Travel and Relocation Solutions

**Goal:** Decrease travel voucher process labor by implementing the Electronic Voucher Payment System

**Performance Measure:** Estimated DoD labor hours associated with Travel Voucher System

	Labor Hours				
	Baseline <u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	Target <u>2003</u>
Actual	1,350,000				
Projected		1,350,000	1,162,500	600,000	225,000

**Source:** DITRS

### Organization, Systems, and Other Issues:

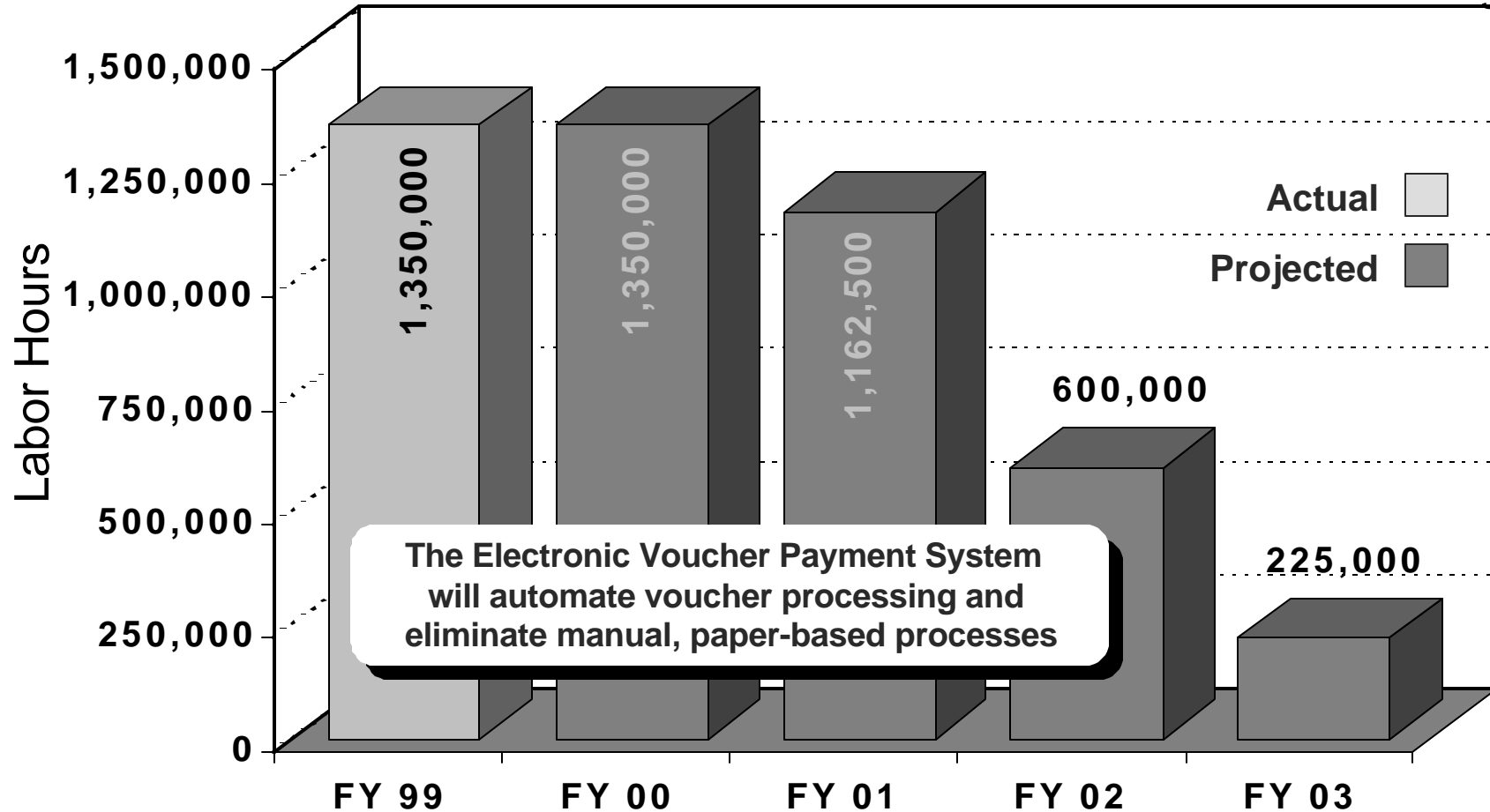
1. Labor Hours = Military member's time to prepare the vouchers and the Personnel and Finance technician's time to review, compute, and pay the vouchers.
2. Reprogramming of funds will be needed to support this effort.





# Decrease Travel Voucher Processing Time through the Electronic Voucher Payment System

*Estimated DoD Labor Hours Associated with Travel Voucher Processing*



**Note:** Labor Hours = Military member's time to prepare the vouchers and the Personnel and Finance technician's time to review, compute, and pay the vouchers.

## Initiative 2.04 - Defense Integrated Travel and Relocation Solutions

**Goal:** Improve Reserve Travel through automation and use of DTS

**Recommended Performance Measurement:** DTS implementation rate

	Percentage Automated		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Actual			
Projected	40%	80%	100%

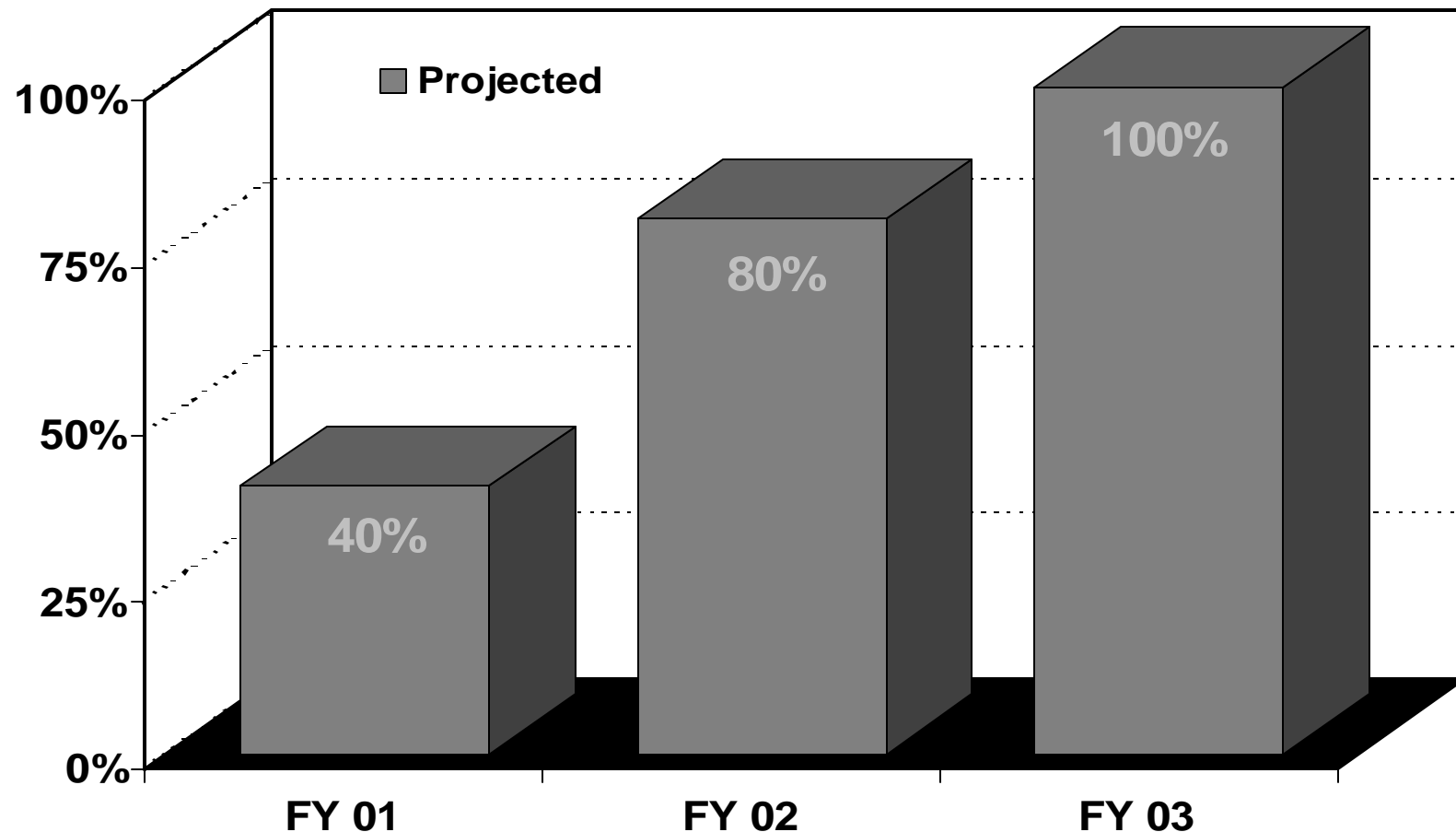
**Source:** DITRS CONOPS

**Organization, Systems, and Other Issues:** Reprogramming of funds will be needed to support this effort and will depend on IT implementation strategy for DTS. DTS is already tracked, but not for Reserve units. The DTS mission is to implement across all units, including Reserves. There is currently no implementation schedule, and as a result, this metric tracks the implementation progress for Reserve units.



# Improve Reserve Travel by Streamlining Process Through Automation and the Use of Defense Travel System (DTS)

*Rate of Implementation of DTS System Throughout the Reserve Components*



**Notes:**

1) This process is in initial stage and will depend on implementation schedule of DTS.

## Initiative 2.04 - Defense Integrated Travel and Relocation Solutions

**Goal:** Implement 100 percent of Permanent Duty Travel (PDT) Task Force findings by 2003

**Performance Measurement:** Implementation rate of PDT reengineered processes

### Percentage of Implementation of Reengineered PDT Processes

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Actual				
Projected	25%	50%	75%	100%

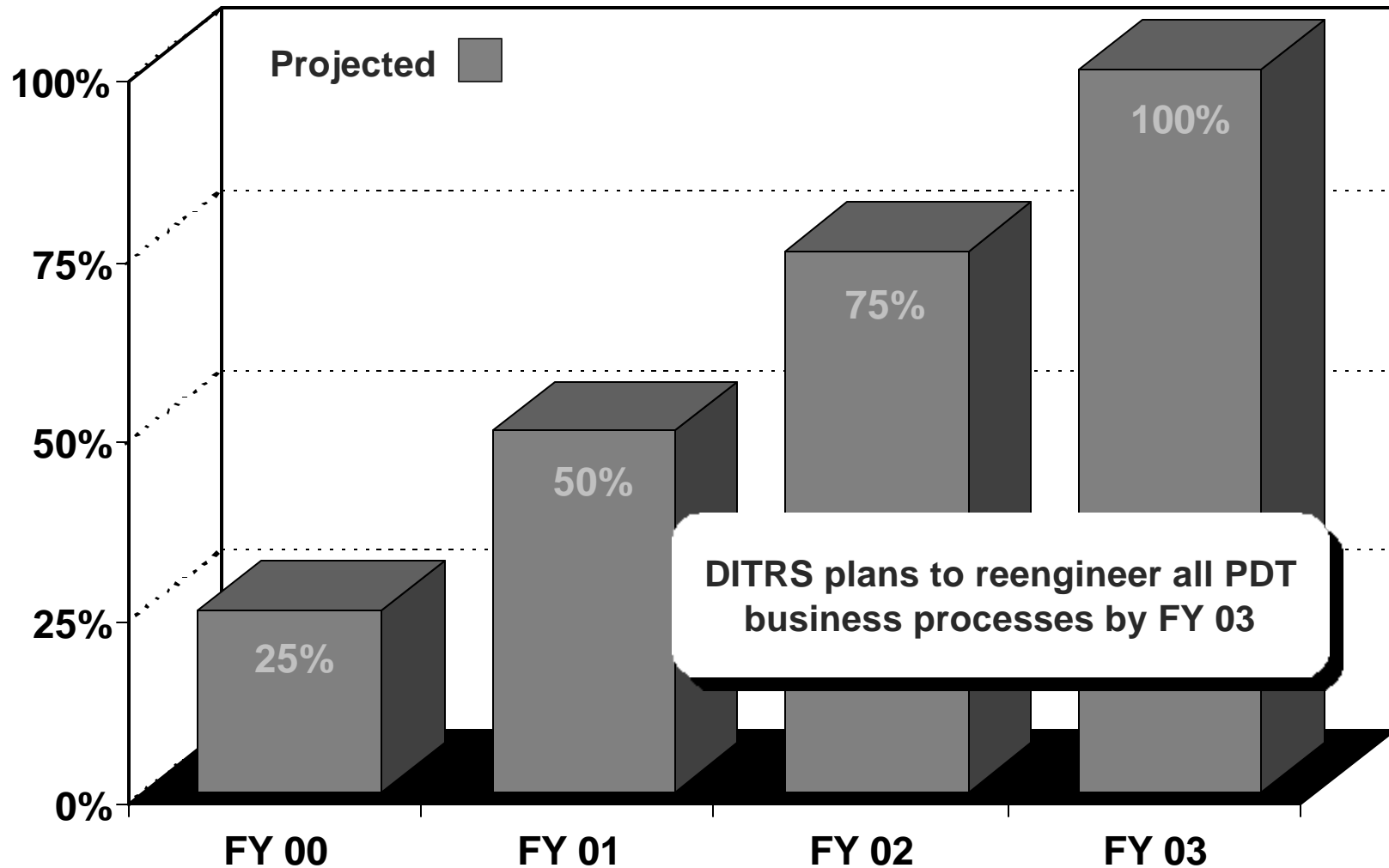
**Source:** DITRS

**Organization, Systems, and Other Issues:** A DITRS mission requirement calls for implementation of reengineered PDT processes in three years. This metric tracks the processing of the Permanent Duty Travel Task Force findings and ensures completion by 2003.



# Implementation of Permanent Duty Travel (PDT) Task Force Findings

*Rate of Implementation of Reengineered PDT Processes*



## Initiative 2.04 - Defense Integrated Travel and Relocation Solutions

**Goal:** Decrease civilian homefinding and temporary quarters subsistence expenses by 30 percent by 2002

**Performance Measurement:** Expenses per Permanent Change of Station (PCS)

	Expenses per PCS		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Actual			
Projected	\$2,000	\$1,800	\$1,400

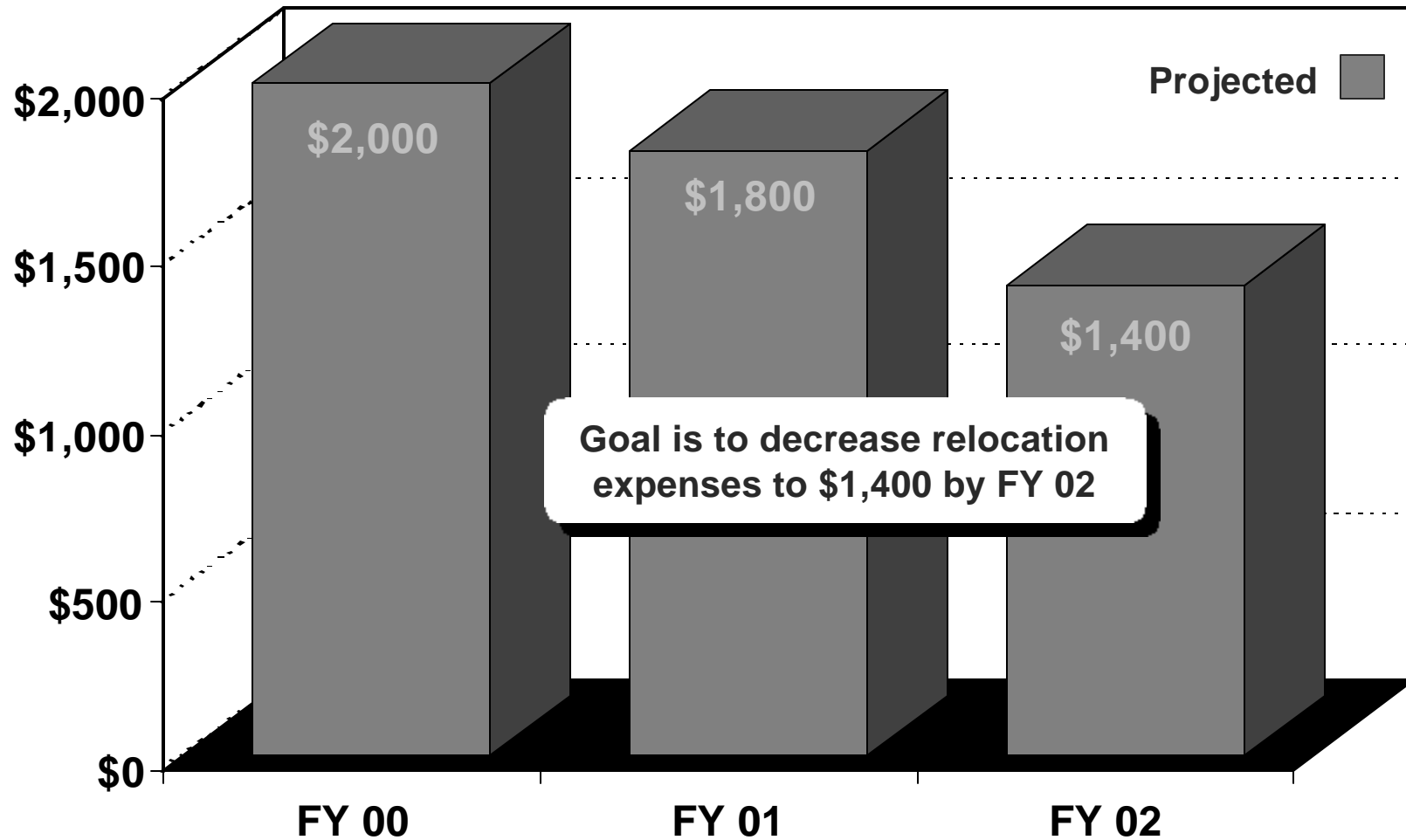
**Source:** DITRS

**Organization, Systems, and Other Issues:** Reprogramming of funds will be needed to support this effort and will depend on IT implementation strategy for DTS. This metric tracks the decrease in out-of-pocket expenses for civilian government employees by 30 percent by 2002.



# Decrease Civilian Homefinding and Temporary Quarters Subsistence Expenses by 30%

*Expenses per PCS*



**Notes:**

- 1) Contingent upon approval of Lump Sum Concept (FY 00 T&T Act).
- 2) Contingent upon development and implementation of automated system for capturing data.
- 3) Projected baseline developed based on DMDC historical data.